



**THE PERIA KARAMALAI
TEA AND PRODUCE
COMPANY LIMITED**

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**87th
ANNUAL REPORT
1999-2000**



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THE PERIA KARAMALAI TEA AND PRODUCE COMPANY LIMITED

Eightyseventh Annual Report 1999-2000

Chairman	Shri L.N. Bangur
Managing Directors	Shri G.D. Kabra Smt Alka Bangur
Directors	Shri G.K. Sundaram Shri R.L. Gaggar Shri N. Srinivasan
Company Secretary	Shri R.V. Sridharan
Auditors	Messrs. Fraser & Ross Chartered Accountants
Bankers	Union Bank of India ICICI Bank Ltd. Bank of Baroda State Bank of India Vijaya Bank
Registered Office	Cowcoody Chambers 234-A, Race Course Road Coimbatore - 641 018 Tamil Nadu



NOTICE OF THE 87th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Company will be held at the Indian Chamber of Commerce & Industry, "Chamber Towers", 732, Avanashi Road, Coimbatore - 641 018 at 11.00 A.M. on Monday, the 28th August 2000, to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the Director's Report, Audited Profit and Loss Account for the year ended 31st March 2000, the Balance Sheet as at that date and the Auditor's Report thereon.
2. To declare a dividend.
3. To elect a Director in place of Shri. L.N. Bangur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Shri. G.K. Sundaram, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution :

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors ('the Board') of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future and whole of the undertaking of the Company in favour of the Debenture Trustees/ Financial Institutions for securing repayment of 3,00,000 - 15% Secured Redeemable

Non-convertible Debentures of Rupees 100/- each aggregating to Rs. 300 lakhs to be issued to UTI, Mumbai together with interest, remuneration of trustees, costs, charges, expenses and all other monies payable by the Company in respect thereof in such form and manner and subject to such prior or pari-passu charge(s) on the said properties/undertakings."

"Resolved further that the Board of Directors of the Company be and is hereby authorised to finalise with Debenture Trustees/Financial Institutions/UTI, Mumbai the legal documents and such other agreements for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution.

"RESOLVED that the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act 1956, to the Board of Directors of the Company borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 50 crores at any one time."

Calcutta,
28th June, 2000.

By Order of the Board
R. V. Sridharan
Company Secretary

NOTES :

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company.
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from 17th August, 2000 to 28th August, 2000 (both days inclusive).
- c) The dividend to be declared at the meeting will be payable to those members whose names appear on the Register of Members of the Company as on 28th August, 2000.
- d) In accordance with Section 205A(5) of the Companies Act, 1956, dividends, which remain unpaid or unclaimed for and upto the year 1994-95, have been transferred to the General Revenue Account of the Central Government.



- e) Members are requested to intimate their change of address if any along with PIN Code, to the Company at its Registered Office quoting their respective folio numbers.
- f) Members who have not yet surrendered their old Share Certificates of Rs.2/- each are requested to do so to enable the Company to forward new Share Certificates of Rs.10/- each in lieu thereof.
- g) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- h) **Members who seek information with regard to Accounts are requested to send their queries on or before 20th August 2000, to enable the management to keep the information ready.**

ANNEXURE TO THE NOTICE :

Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6

The Company has proposed to issue 3,00,000 - 15% Secured Redeemable Non-convertible Debentures of Rs. 100/- each aggregating to Rs. 300 lakhs to UTI, Mumbai to augment long term Working Capital Resources and to meet normal Capital Expenditure.

The Non-convertible Debentures to be issued shall be secured by a mortgage and/or charge in favour of Debenture Trustees on all or any of the immovable and/or movable properties of the Company, both present and future, receivables, inventories, book debts (present and future), except such other assets as are specifically charged and/or to be charged to any other creditors/term lenders, such mortgage and charge shall rank pari-pasu to the mortgages and/or charges created/to be created for securing loans, debentures, deferred payments or any other financial facility.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia that the Board of Directors of a Public Company shall not without the consent of its Members in General Meeting, sell, lease, or otherwise dispose of the whole or substantially whole of the undertaking of the company, or where the Company owns more than one undertaking of the whole or substantially whole of any such undertaking. Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Debenture Trustees/Financial Institutions/UTI may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 291(1)(a) of the

Companies Act, 1956 before creation of the said mortgages/charges. Hence the members are requested to give the necessary consent to the Board of Directors to create such charge in favour of Debenture Trustees/Financial Institutions/UTI.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Item No. 7

Under Section 293(1)(d) of the Companies Act, 1956 the Board of Directors cannot, except with the consent of the Company in General Meeting, borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid up capital and free reserves. Keeping in view the growth plans of the Company and funds requirements it is necessary for the company to have financial assistance from its bankers/financial institutions. The ordinary resolution set out in item No. 7 of the Notice of the meeting are intended to give requisite authority to the Board to borrow in excess of the paid-up capital and free reserves. The Board recommends passing of the resolution.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Calcutta,
28th June, 2000

By Order of the Board
R.V. Sridharan
Company Secretary



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the Eighty-seventh Annual Report for the year ended 31st March, 2000.

FINANCIAL RESULTS

	Rs.
Profit before Depreciation	2,81,17,195
Less : Depreciation	1,93,97,782
Profit before Tax	87,19,413
Provision for Tax	50,00,000
Profit after Tax	37,19,413
Add : Unappropriated Profit brought forward from last year	1,84,58,684
Profit available for appropriation	2,21,78,097

APPROPRIATIONS

Transfer to Debenture Redemption Reserve	10,00,000
Proposed Dividend	20,63,919
Tax on Dividend	4,54,062
Surplus Carried Over	1,86,60,116
Total	2,21,78,097

DIVIDEND

Considering the significant reduction in the profits, your Directors recommend a dividend of 10% for the year ended 31st March, 2000.

OPERATIONS

Tea

The production during the year was marginally higher at 44,51,201 Kg as against 44,21,545 Kg last year, despite erratic weather conditions experienced in the early part of the year. The tea crop manufactured can therefore be considered satisfactory.

Price realisation was however lower due to steep fall in market prices in the last quarter of the financial year, a phenomenon which affected the tea industry in South India. Exports fell short of expectations as CIS Countries, the main buyer of South Indian teas, did not operate as envisaged and the export to Pakistan was also negligible. Consequent to SAARC Agreement, import of cheaper teas from member countries into South India had its adverse impact on our teas.

FUTURE PROSPECTS

With no sign of improvement on the export front and the crop running ahead of last year and with no adequate restrictions or measures to discourage imports from SAARC Countries, the future of South Indian teas appears rather bleak. The decline in prices still continues for over six months and there is no sign of any recovery in the immediate future. Further more the excessive levy of excise duty of Rs. 2 per kg. continues to affect the tea industry in South India. Another major impact is the steep wage hike. All these factors will further erode the profit margin considerably in the current year.

WIND TURBINES

The performance of all the nine wind turbines was extremely satisfactory as they generated 56,54,117 units of power during the year, compared to 30,92,248 units last year. This has helped us not only in meeting our power requirements but also in selling surplus power of 26,71,882 units to Tamil Nadu Electricity Board earning substantial revenue for the Company.

PUBLIC DEPOSITS

Deposits outstanding as on 31st March, 2000 was Rs.3,85,66,000/- and the unclaimed deposits were Rs.1,56,000/- and out of which five deposits amounting to Rs. 61,000/- have since been renewed / refunded.

PARTICULARS OF EMPLOYEES

There are no employees, other than the Managing Directors, in receipt of remuneration in excess of Rs.6 lakhs per annum.

DIRECTORS

Shri L.N. Bangur and Shri G.K. Sundaram will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

INDUSTRIAL RELATIONS

Industrial Relations were cordial during the year.

STATUTORY STATEMENTS

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the annexure which forms part of this report.

**AUDITORS**

Messrs. Fraser & Ross, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

SUBSIDIARY COMPANY

Sri Vithoba Investments Ltd, a wholly owned subsidiary has earned a profit of Rs. 3,35,668/- during the year under review. Particulars pursuant to Section 212 of the Companies Act, 1956 as well as the accounts are annexed.

ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation of the services rendered by the employees at all levels. The Board also wish to thank the financial institutions, banks, shareholders, depositors, and customers for their continued support and co-operation.

Calcutta,
28th June, 2000.

For and on behalf of the Board
L.N. Bangur
Chairman

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ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

Energy conservation is an on-going activity and it is being closely monitored to a specific programme of reduction.

(FOR TEA ONLY)

FORM A

(See Rule 2)

Particulars with respect to conservation of energy.

A. POWER & FUEL CONSUMPTION		31.3.2000	31.3.1999
1. Electricity			
a) Purchased:			
Units		44,75,841	40,94,754
Total Amount	Rs.	1,51,37,863	1,37,67,547
Rate/Unit	Rs.	3.38	3.36
b) Own Generation			
(i) Through Diesel Generators - Units		3,10,057	3,38,554
Units per Litre of Diesel		2.31	1.61
Cost/Unit	Rs.	4.76	6.12
(ii) Through Wind Turbine Generators - Units		56,54,117	30,92,248
2. Coal (Used in Dryer Heaters)			
Quantity	Kg.	—	32,055
Total Cost	Rs.	—	1,07,705
Average Rate (Rs./Kg)		—	3.36
3. Leco (used in Dryer Heaters)			
Quantity	Kg.	6,95,483	10,81,635
Total Cost	Rs.	34,13,009	55,10,151
Average Rate (Rs./Kg.)		4.90	5.09
4. Others (Purchased)			
Firewood (Used in Dryer Heaters)			
Quantity	Kg.	50,26,766	49,26,574
Total Cost	Rs.	54,87,232	69,18,716
Average Rate (Rs./Kg.)		1.09	1.40
B. CONSUMPTION PER UNIT OF PRODUCTION			
Product - Tea			
(kgs. of made tea per unit of Power/Fuel)			
Electricity : Unit		0.93	1.00
Fuel : Kg.		0.78	0.73

Note : No standards are available for comparison.

**B. TECHNOLOGY ABSORPTION****FORM B**

(See Rule 2)

Particulars with respect to Absorption

1. Research and Development (R&D)

a. Specific area in which R & D carried out by the Company

The development activities of the Company are mainly towards : higher yields, quality improvement and energy conservation.

b. Benefits derived, as a result of above R & D: Improvement in yield and quality of product.

c. Future plan of action and expenditure on R & D

The development work is an on - going process. No separate : record of expenditure incurred is maintained.

2. Technology absorption, adaptation and innovation

The Company is continuously adapting suggestions / : recommendations of UPASI besides its own efforts for improvements in better upkeep, productivity, etc. Benefits derived are cost reduction, improvement in yield and quality of product. There is no import of technology.

3. Foreign Exchange Earnings and Outgo

: See Notes on Accounts.

Calcutta,
28th June, 2000

For and on behalf of the Board

L.N. BANGUR
ChairmanReport  junction.com

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**ACREAGE STATEMENT AS AT 31-3-2000**

	Karamalai Acres	Akkamalai Acres	Vellamalai Acres	Nadumalai Acres	Total Acres	Total Hectares
TEA						
Mature	856.00	1027.00	1194.55	707.30	3784.85	1531.66
Immature	10.00	—	21.24	8.90	40.14	16.24
CARDAMOM						
Mature	118.00	51.50	292.09	143.50	605.09	244.86
Fuel Clearings	—	87.70	27.90	19.95	135.55	54.86
Nurseries	5.31	1.00	1.80	6.15	14.26	5.77
Buildings, Roads, etc.	95.34	56.86	123.10	72.10	347.40	140.59
Rocks, Ravines and Wastelands	49.32	47.94	31.26	29.25	157.77	63.85
Total	1133.97	1272.00	1691.34	987.15	5085.06	2057.83

COMPARATIVE RESULTS 1991-2000

Year ended 31st March	TEA CROP				PER KILOGRAM		EARNINGS			DIVIDEND	
	Own Leaf	Bought Leaf	Total	Yield per acre	Cost	Sale Price	Profit before tax	Profit after tax	Earnings on Equity Capital %	Amount distributed	Percentage distributed
	Kgs.	Kgs.	Kgs.	Kgs.	Rs.	Rs.	Rs.	Rs.		Rs.	
1991	42,58,753	5,22,104	47,80,857	1,125	31.58	39.52	4,43,27,943	2,53,27,943	195	51,92,212	40
1992	38,58,648	1,44,042	40,02,690	1,019	35.80	38.24	2,01,17,404	1,31,17,404	101	51,92,212	40
1993	35,35,860	—	35,35,860	934	40.40	41.56	85,42,436	85,42,436	41	53,12,276	34★
1994	41,49,019	18,219	41,67,238	1,095	40.23	43.08	1,73,46,934	1,60,96,934	78	41,27,838	20
1995	34,48,590	17,194	34,65,784	911	39.84	35.92	1,02,98,400	50,35,682	—	20,63,919	10
1996	45,34,543	1,73,238	47,07,781	1198	40.52	44.92	2,04,04,227	2,04,04,227	99	45,40,622	22
1997	42,64,444	2,66,212	45,30,656	1127	44.05	45.80	88,44,665	78,94,665	38	45,40,622	22
1998	51,25,750	—	51,25,750	1354	54.18	70.12	8,42,07,550	5,02,07,550	243	1,03,19,595	50
1999	44,21,545	—	44,21,545	1168	56.37	64.88	4,42,83,050	4,22,83,050	205	1,03,19,595	50
2000	44,51,201	—	44,51,201	1176	65.55	64.08	87,19,413	37,19,413	18	20,63,919	10★★

★ On the increased capital

★★ Recommended (Tax free)